

Insurance in the Digital Age

A Survey and Analysis

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Introduction

The insurance industry is in a time of incredible change as the rapid pace of technological innovations, such as autonomous cars and Internet of Things connectivity, drive increasing pressure to embrace the future of digital services and customer experiences that are designed to meet individual customer needs quickly and efficiently.

However, many insurance providers are still working to understand how digital transformation applies to their goals and learning the best processes regarding how to succeed during this time of transition. While some providers may be focused on applying digital transformation to one business process, transforming and empowering all departments of a business can be the key to success in a time of industry change.

This evolution includes the transformation of the customer journey through the use of modern websites, mobile applications, social media, online messengers and more. These digital touchpoints are proliferating, meaning businesses must tackle more challenges than ever. However, the use of back-end systems integration, A.I., automated processes and more all streamline business processes. Together, these elements contribute to a new era of digital business in the insurance market and help providers differentiate themselves from competitors.

The Global Insurance Market

While the continued changes within the insurance industry may present challenges to overcome, it also presents an opportunity for growth and market expansion.

Online services have been shown to play a vital role in improving success rates in the insurance application process. According to [Deloitte research](#)¹, the likelihood of a prospect buying a policy once they apply increases from 70% to nearly 90% when digitalization speeds up the underwriting and application process to approximately real time. In addition, the digitalization of insurance processes is improving the reach of businesses, allowing companies to not only supply direct-to-customer personalized services, but also reach emerging markets in developing regions within Africa, Asia and Latin America through smartphone applications.

¹ 2018 Insurance Industry Outlook | Deloitte

The first era of digital transformation in insurance focused on the opportunity to reduce costs and improve efficiency through the digitization of business processes and call centers. Today, the traditional ways of doing business have been disrupted by the market entry of non-traditional providers who offer new ways of doing business in the insurance industry. Insurtech startups, who are able to already leverage modern software and infrastructure to provide stakeholder audiences with better services and experiences, are increasing pressure on traditional insurers to find new ways to grow and adapt. While seeking partnerships with insurtechs is one way insurance providers are moving forward, investing in digital transformation within their companies is also crucial to safeguard for the future.

Adhering to Insurance Regulations

Every industry presents its own unique challenges within the digital transformation process and goals for companies to use as measures for success. Established insurance providers have built their processes over many years using software that slowly became outdated, but is essential to everyday operations. These legacy systems cannot provide the customer-centric services possible with modern software. In addition, while each country provides different direction on what an insurance provider can and cannot do in its services and marketing efforts, these are consistently defined and enforced through strict government regulations, such as rate control and contract stipulations. These rules can come with large penalties if violated and must inform how companies collect and use data, as well as how they communicate with target audiences. The challenge for established providers is to exploit their maturity, influence, know-how and business processes to innovate quickly within the regulatory landscape.

Liferay Insights

Liferay conducted a global survey of digital transformation in insurance companies to better understand the status of digital transformation in the industry. Our research evaluated progress in four topics: digital strategy, customer experience, costs and technology selection.

The insights gained were not only helpful to have a better picture of digital transformation and customer experience in the insurance market, but to help companies around the world better gauge their progress. Liferay surveyed insurance companies in France, Germany, Belgium, the Netherlands, the U.K., the U.S., and Latin America.

Survey respondents were comprised of the following company types:

- **60% - Insurance providers (life, non-life)**
- 18% - Brokers
- 9% - Mutual Health insurance
- 7% - Insurance banks
- 6% - Other

Among respondents:

- **53% have a business profile (Sales, Marketing, Communication, Digital)**
- 34% have an IT profile (Developer, Technical Lead, etc.)
- 13% are from general management

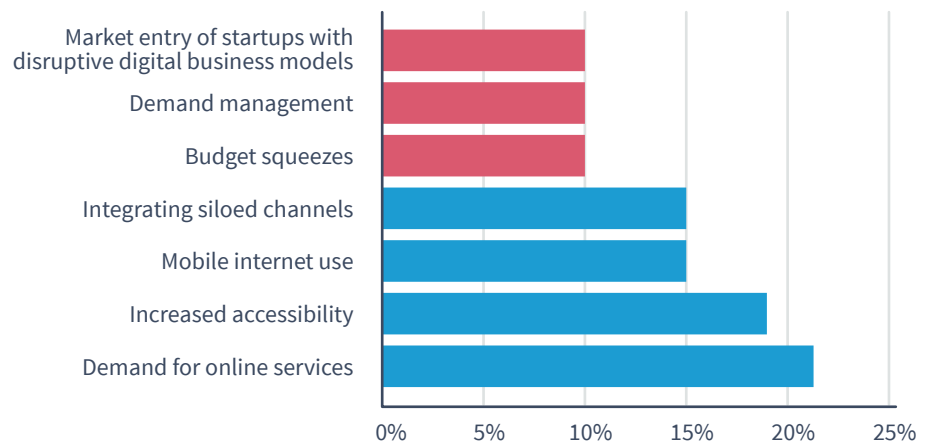
In terms of seniority:

- **45% are in Project Teams**
- 42% are Directors/Managers
- 10% are C-Level/Executive/Vice President
- 3% are Associate/Analyst

Digital Strategy

Key Drivers

Every digital strategy has key driving factors, which spark transformation within a company and motivate employees during the process. Understanding these key drivers can help insurance companies better understand not only the motivations of competitors, but their own reasons for a digital strategy. Today's key drivers, as indicated by survey results, include:



- **Demand for Online Services:** While the digitizing of services is not a new trend in the insurance industry, the availability and extent of online services differs greatly across businesses and sectors. With this demand marked as a top existing driver in the survey, it's clear that customers expect online resources from insurance providers and today's companies are still in the process of providing those services.
- **Data Accessibility:** Digital innovations depend on rich data to understand audiences and shape innovative services. Today's successful insurance companies are focused on creating ways to gather data from users to provide the insights that drive their service design. In doing so, businesses can be better equipped to understand their customers and both market to them and better serve their needs.
- **Mobile Internet Use:** Mobile continues to be at the forefront of insurance customer demands, as modern audiences want to access information and services wherever they are and whenever they want. This mandates mobile-friendly websites and mobile applications that empower customers and enable insurers to build their relationships with consumers.
- **Integrating Siloed Services:** Along with the above listed drivers comes the need to break down company silos, which cause various services and their related data to be stored in exclusive databases. These are often inaccessible to other departments within a company, but integrating these previously siloed services can result in greater efficiency and the ability to better meet customer needs.

Each of these goals are possible in a carefully planned digital strategy and can help insurance companies reach new audiences and better retain existing customers.

Overcoming the Tallest Hurdles

Companies in all industries encounter challenges when implementing a digital strategy. According to survey responses, the three most significant challenges in implementing an insurance company's digital transformation strategy are:

1. Organizational Change:

Survey results show that breaking away from traditional ways of doing business is the greatest impediment to change in the insurance industry. This can be due to a general reluctance to change until forced to do so, rather than the perceived instability of adopting new strategies and taking on a more agile approach, which may cause consistent changes to meet new customer demands or changing industry trends.

RECOMMENDED SOLUTIONS

Businesses may be reluctant to embrace a new digital strategy, but the benefits must be communicated to staff to encourage the executive buy-in required to embrace new, digital-first business processes and break down of long-established organizational silos. The benefits include more efficient and improved customer service, increased customer satisfaction, long-term savings for the organization and better access to information. Companies also benefit from being empowered to deal more effectively with customers, resulting in improved job satisfaction and reduced staff stress. It is beneficial to consider employees throughout the customer lifecycle as internal customers of a company because their insights help address pain points, and their inclusion helps them to understand how they can benefit from such change. Consider holding focus groups with front-line staff, such as customer services, to identify customer's needs and frustrations and work back to value streams.

2. Customer Satisfaction:

Customer expectations are consistently increasing as innovative companies continue to improve digital experiences. As such, customer satisfaction can be a major challenge. However, great experiences and services can meet these needs and save audiences time, money and frustration while also providing support anywhere and everywhere. Customer satisfaction can be negatively affected by a single defining moment, such as asking a customer to complete a form online, only to ask them to complete the same information at a later date again by post.

RECOMMENDED SOLUTIONS

By prioritizing the customer experience, an organization can begin to shape its digital strategy to work towards a clear and consistent vision. Digital leaders recognize that achieving customer satisfaction utilizing digital technologies is a competitive differentiator, and a prerequisite for relevance – let alone retention or cross selling in a competitive market. Once the benefits of customer-centric service design are understood by organizations, the task of selecting technology and strategies can become a question of which touchpoints are best positioned to provide the overall experience expected by customers.

3. Existing Infrastructure:

Most established insurance companies have multiple systems of record and core services running on older, sometimes outdated software and infrastructure that present barriers to rapid innovation and the provision of modern user experiences. However, eliminating these business-critical systems in favor of new systems can be expensive, risk laden and complicated. In many organizations, customer-facing systems such as websites have been developed in parallel to address an immediate need for effective marketing and customer acquisition, deepening the silos between business systems required to deliver a holistic customer experience.

RECOMMENDED SOLUTIONS

Migrating core systems to modern infrastructure or software platforms requires careful planning and time due to the complexity of the business processes, compliance and legacy systems involved. Indeed in many cases these core systems remain viable and the cost-benefit of migrating to a vendor's new software licensing agreement or cloud service is minimal.

Many enterprises have succeeded in building cutting-edge digital experiences by employing integration platforms to connect their core business systems to modern digital touchpoints. These platforms sit across disparate existing systems to provide rapid time to market for the customer-facing applications required today while exploiting their previous investments in core systems.

As new systems such as big data platforms, machine learning or cloud services are introduced to different parts of the business, investing in technology that will integrate these and maintain a consistent user experience across digital touchpoints becomes crucial. Each time core systems evolve, a unifying platform can connect and exploit these new systems to provide internal and external users with innovative digital experiences that fulfill their needs.

Does Customer Experience = User Experience?

Customer experience today is the sum of digital and in-person interactions between a customer and a company and their resulting impression, which can cover anything from traditional customer service channels, such as call centers, to new digital interfaces, such as chatbots, that people use to interact with a company or brand.

According to [Forrester Research](#)², good customer experience can lead to client retention, enrichment and advocacy, which all have loyalty-driven revenue potential. The ability to provide personalized experiences that are meaningful and relevant is becoming the digital transformation goal for not only insurance companies, but for all businesses in all industries.

Survey respondents were asked to evaluate the progress of their companies in this domain. They had to indicate whether they “strongly agree,” “agree,” “disagree” or “strongly disagree” with different statements concerning the following priorities within digital transformation. Their responses were as follows.

Comprehensive View of Customers:

This includes being able to know customer preferences, see their last interactions and better assess their needs. The ability to catalogue and access preferences and history is a key component in creating personalized experiences.

- 51% Agree
- 31% Disagree

Personalized Information:

Personalization allows companies to deliver content and functionality in context, tailoring and providing content for each customer for a more successful and insightful user experience. According to research from [Janrain & Harris Interactive](#)³, 74% of online consumers become frustrated with websites that present them with

² Drive Revenue with Great CX | Forrester 2017

³ Online Consumers Fed Up with Irrelevant Content on Favorite Websites | Janrain Study

content that has nothing to do with their interests. This is further compounded when that content is served within a customer service context such as a self-service portal.

- 41% Agree
- 36% Disagree

Customer Intelligence:

Being able to understand the interests and preferences of consumers is a vital part of company strategies. Better understanding of individual customers will help strengthen targeted marketing efforts for years to come.

- 40% Strongly Agree
- 47% Agree

Marketing:

Marketing helps connect insurance companies with the right audience for their service types, ensuring that a company's customer base not only grows, but also correctly matches insurance provisions to those they best suit. Digital strategies can focus on business operations or the types of services provided, but the inclusion of marketing means these elements also reach those that need them.

- 39% Strongly Agree
- 45% Agree

The Bottom Line: Coherent CX is Vital

Survey respondents were asked what they think it takes to differentiate their company from competitors. The bottom line: creating consistent customer experiences regardless of channel is crucial.

In addition, respondents listed increased business adaptability and providing better access as key differentiators, highlighting the importance of being able to quickly meet shifting customer demands and allowing customers easier access to solutions for their unique needs. These were followed by more agile digital services and a greater understanding of customers, which demonstrate the ability to better serve audiences as the most important method of differentiating a company from competitors.

46% of respondents agree on the importance of all channels in their business development in the next three to five years.

While 20% of respondents stated that creating consistent customer experiences is key to successful transformation, company representatives were divided regarding their ability to do so at present. When asked “*How would you rate your current ability to deliver consistent experiences across all touchpoints? (Web, mobile, physical channels)*”, only 2% gave the highest rate. With a ranking of 1 through 5, with 5 being the highest rate, 41% of respondents gave a ranking of 3, relaying an average ability to deliver consistent experience across touchpoints.

According to you, which channel will bring the most business in the next 3 to 5 years?

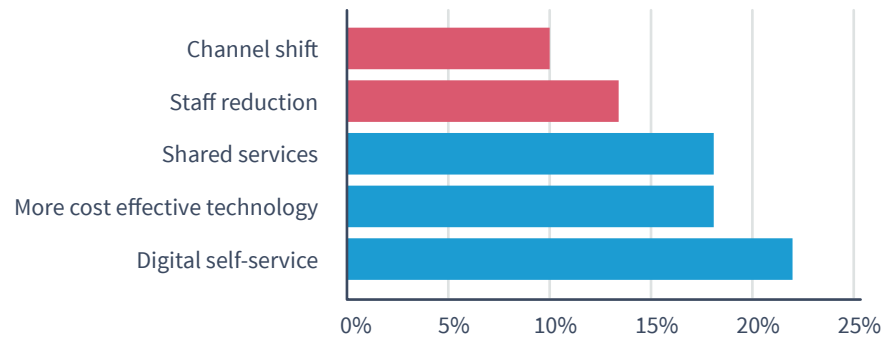


The average top response of “a bit of all” shows that while it may be tempting to prioritize one touch point over the other, they all can lead to new customers and long-term success when created well. From mobile experiences to in-person customer service, a successful insurance company is ready to connect with their audiences through all channels.

By improving the customer experience across all touchpoints, companies can provide stronger omnichannel experiences that provide audiences with support and services no matter where they are or how they interact with an organization. If some channels are weaker than others, the omnichannel experience can become disjointed and frustrating for potential customers.

Cost Reduction through Digital

Survey results show that insurance companies see digital self-service as the primary way they anticipate achieving cost savings in the coming years, with 46% of respondents worldwide making it their top choice.



In addition, more cost-effective technology came in second. By better enabling both employees and customers, companies can find cost-saving benefits that naturally result from digital transformation efforts. Digital self-service is one of the most effective ways to reduce costs. Serving customers needs demands effective customer portals and apps, but AI and machine learning hold immediate cost saving potential such as automating chatbots and improving tools that help customers find answers to questions without a company representative.

Shared services aim to consolidate business systems used by multiple departments to eliminate redundant digital infrastructure and reduce operational costs. Today, shared services are common in finance, human resources and IT, but shared services also hold the potential to bridge information silos resulting in further operational efficiencies and more meaningful and consistent customer service.

Companywide Collaboration

Successful transformation requires more than just the right technology. It also requires a fluid work environment where all departments collaborate to meet customers' needs. By removing the intra-company barriers between departments that form data silos, employees can have unprecedented access to the information they need. As a result, businesses can be improved through higher productivity, better internal collaboration, more effective marketing and a greater ability to reach company goals that make the difference to customers throughout the lifecycle.

In addition, the ability to gather data from disparate systems is a must for digital success. These disparate systems can be found in customer service records, CRM, purchase history, social media interaction analytics and customer shopping cart history in siloed back-end systems. When successfully combined and analyzed, employees throughout various departments are better equipped to understand and support each customer.

The digital experience platform (DXP) is an emerging technology category, yet the majority of respondents worldwide (90%) believe that a DXP will be part of their digital growth strategy during the next three years. [Gartner](#)⁴ defines a DXP as “an integrated set of technologies, based on a common platform, that provides a broad range of audiences with consistent, secure and personalized access to information and applications across many digital touchpoints.” These platforms will help companies conquer the challenge of managing touchpoints and the data they create, resulting in more agile and streamlined business processes.

According to Forrester, fully realized DXPs include eight core areas: content, marketing, commerce, customer service, analytics, customer data, personalization, and development and operations. Well-designed DXPs encompass the entire customer journey, including supporting both customer acquisition and post-purchase phases. DXPs also integrate broad capabilities to reduce friction, maximize reuse and fuel insight.

Technology Selection

Survey participants were asked to rank their three primary concerns when selecting technology, which highlighted the following:

1. **Meeting Customer Needs:** Customers expect easy-to-use and helpful online personalized services that meet their needs. The technologies and solutions preferred by insurers are those that enable them to rapidly overcome the challenges discussed earlier. This includes solutions that enable them to better understand customers, break down organizational silos and create personalized and consistent customer experiences across all touchpoints.
2. **Cost:** Cost no longer comes first but it will always be a concern in any major change in business. Long-term digital transformation success is possible through agile and innovative ICT project management and implementations.

⁴ 2019 Magic Quadrant for Digital Experience Platforms | Gartner

This may involve implementing shared enterprise platforms and infrastructure, migrating from proprietary systems to open source licensing, adopting cloud-based software solutions or investing in training to offset long-term support and implementation costs. Additionally, implementing these technologies over time may result in long-term savings and enhanced efficiency.

3. **Agility & Scalability:** Digital transformation strategies often seek to overcome inflexible systems that inhibit improvements in user experience. Technology and consumer expectations are changing faster than ever before. Insurers that have the agility needed to respond to new demands and the ability to quickly support growing audiences are better prepared. If the software is not open and flexible to future needs (e.g., APIs, AI, chatbots) and duplicate services for increases in site usage or user base, it may impede business agility and major software overhauls again in a few years.

The Future of Digital Business

While there are a variety of concerns about the future of digital business in the insurance industry, the survey revealed an underlying concern about creating tools that benefited both customers and employees without losing focus on personable engagement with customers or replacing their workforce with bots. This was highlighted by respondents who were allowed to express their common worries about the effects of transformation.

Other frequently mentioned concerns included being able to successfully integrate new software with existing applications, catching up with competitors who are further along in the digital transformation process, effectively breaking down company silos and whether they will truly be able to streamline processes for both customers and employees.

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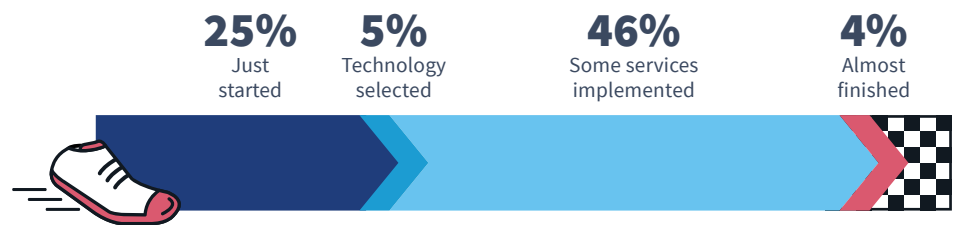
Breaking down organizational silos is imperative to improving our ability to react quickly and offer innovative solutions adapted to the evolving needs of our customers and partners. But it doesn't seem to be obvious to everyone yet.

Senior Marketing Technologist

When asked about what they hope their organizations could achieve through the future of digital business in insurance organizations, respondents focused on streamlined operations, more personalized data-driven customer experiences and finding new ways to reach new customers.

An Evolving Journey

The insurance sector is clearly committed to digital transformation but only 4% think that their organization has “almost finished”.



Is the digital transformation process ever truly finished? Technology is not only advancing but accelerating, which means companies will be seeking continuously to provide more efficient, more effective services and deliver them to market quicker. It is clear that the vast majority of insurers surveyed have made significant progress to prepare for an uncertain future. It is also reassuring to know that—with a clear vision—significant progress can be made when it comes to selecting technology and implementing it in the way a company operates.

Adopting and Adapting

If digital transformation is an ongoing and ever-evolving process, how do organizations adjust to this new reality? Global survey results illustrate how insurance companies might adopt and adapt:

1. **Communicate to all staff** the benefits of providing digital experiences to customers, as well as how those benefits will trickle down to individual staff members.
2. Absorb **digital transformation as part of your organization’s core**; just like accounting and human resources to keep up with market evolution.

3. Reassess your organization's focus on marketing to **prevent neglecting the internal audience and customers** looking for streamlined and personalized digital experiences.
4. When it comes to technology selection, understand the key expectations that end users have, and opt for a **software that eases the process of legacy system integration**.

These are just a few of the actions that can be taken in light of the need to embrace digital transformation that can make successful strategies possible.

Conclusion

Change via digital transformation in the insurance industry is happening at a slow but steady pace. However, despite sluggish digital adoption, companies of all types now understand that transformation is both crucial to their business and an inevitable part of their long-term strategy for success in the modern age. Liferay's research shows that the end of the digital transformation journey is still far off for most, but those companies who are enacting their transformation strategy know its benefits well and are turning it into a competitive advantage. With organizational change being the biggest challenge in completing a successful digital strategy, we can see that insurance companies can be empowered by modern software that supports multiple teams across the company while working well with both existing and new technologies. By prioritizing customer experience, an organization can shape its digital strategy to work toward truly satisfying consumer interactions and select technology based on which solution best provides the benefits expected by today's customers.

Digital teams must break out of their perceived role of only delivering digital services and demonstrate how much more they can do for a company. Those involved in digital transformation are no longer only focused on delivering great digital services, but instead can play crucial roles in rethinking the way business processes are streamlined and customer needs are met. In doing so, the digital transformation of an insurance company can have a positive impact on everything from customer satisfaction to profit margins.

About Liferay

Liferay helps companies deliver personalized and engaging experiences on websites, mobile and all connected devices. With an open source portal heritage, Liferay Digital Experience Platform provides businesses with the opportunity to build the experiences their customers and employees demand. With strong integration platform capabilities and a variety of services possible, Liferay DXP is empowering insurance companies to better understand their audiences and improve their operations with a single platform.

Liferay in the Insurance Sector

Liferay and its partners have many years of experience working alongside insurance companies to deliver increasingly complex customer experience and digital workplace solutions. Our software is flexible yet provides the high availability, security and compliance crucial for success in the industry.

Read our customer stories at liferay.com/resources/case-studies.





Liferay makes software that helps companies create digital experiences on web, mobile and connected devices. Our platform is open source, which makes it more reliable, innovative and secure. We try to leave a positive mark on the world through business and technology. Hundreds of organizations in financial services, healthcare, government, insurance, retail, manufacturing and multiple other industries use Liferay. Visit us at liferay.com.

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